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S E C R E T SECTION 01 OF 04 TEL AVIV 000544

SIPDIS

DOE FOR ADAM SCHEINMAN, RICHARD GOOREVICH, AND TODD PERRY

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TAGS: [KNNP](#) [MNUC](#) [PARM](#) [IS](#) [ECONOMY](#) [AND](#) [FINANCE](#) [ENVIRONMENT](#) [SCIENCE](#) [AND](#) [TECHNOLOGY](#) [ISRAEL](#) [RELATIONS](#)

SUBJECT: DOE DELEGATION DISCUSSES EXPORT CONTROLS WITH
ISRAELI OFFICIALS

REF: 04 UNVIE VIENNA 0699

Classified By: Deputy Chief of Mission Gene A. Cretz; Reasons: 1.4 (B)
and (D).

1. (C) SUMMARY: Israeli officials briefed a visiting DOE delegation on nuclear export-control measures during meetings in Tel Aviv on January 18-20. In recognition of their adherence to the NSG Guidelines and promulgation of new export control legislation, the Israelis requested U.S. help in obtaining NSG denials or other sources of information. They also queried the U.S. delegation on the possibility of U.S. exports of low-level health and safety equipment for use at the Soreq Nuclear Research Center. Officials from the Israel Atomic Energy Commission (IAEC) briefed the U.S. team on lessons learned from the A.Q. Khan network, proliferation threats relating to fuel cycle facilities, and ways in which export controls could be used to improve the efficiency of safeguards. The Israelis provided a briefing on their new export-control regulations and requested assistance in arranging visits by Israeli export control agencies to the United States for consultations or training. Following the meeting, the Israelis presented the U.S. delegation with a written summary of discussions (text in paragraph 15). END SUMMARY.

NSG Topics

2. (S) The DOE delegation briefed the Israelis on new challenges facing the Nuclear Suppliers Group (NSG), recent NSG achievements, and the current NSG agenda. In a subsequent restricted meeting, IAEC Deputy Director for Policy Eli Levite said that Israel "needs help" from the USG and NSG to make its export-control order a success. He maintained that Israel requires access to denials or other information sources to implement its commitments as an adherent to the Australia Group and NSG. He urged the USG to assist Israel in its efforts to establish some sort of formal status as "adherents" in the NSG; such a step would help Israel demonstrate its non-proliferation credentials to the international community, he said. The DOE group replied that other parts of the USG would be better able to respond to the request for information sharing. Levite pressed for a point of contact in Washington; the DOE delegation promised to relay this request to the State Department.

Israeli Inquiry About Nuclear Safety Material

3. (S) Levite urged the USG to reconsider its position on the export of low-level health and safety equipment to be used at the Soreq Nuclear Research Center. The DOE delegation responded that export of even EAR99-type items to nuclear facilities in non-NPT countries raises serious difficulties, but reminded Levite that such applications are reviewed on a case-by-case basis. When the DOE group asked whether the Israelis had specific items or projects in mind, the Israelis agreed to pass a list through AmEmbassy Tel Aviv (list faxed to DOE on January 25).

The A.Q. Khan Network: Israel's Lessons Learned

4. (C) Liran Renert of the IAEC's policy staff briefed the group on implications drawn from the A.Q. Khan network. He said the network's activities had loosened long-standing proliferation taboos, reduced the time needed to acquire nuclear weapons, negated the requirement for proliferating states to have their own industrial capability, and increased the difficulty in intercepting proliferation activities. As a result, Renert suggested that the international community develop better intelligence gathering and information sharing, revise export control regimes, improve tracking of financial transactions, involve other countries and government agencies in the non-proliferation effort, tag key elements during the manufacturing process, expand PSI, and scrutinize free trade areas and flags of convenience.

Fuel Cycle Proliferation Risks

15. (C) After an update by the U.S. delegation on Iranian efforts to circumvent IAEA controls, IAEA Non-proliferation Director Gil Reich and Director of Arms Control Merav Zafary gave presentations on uranium conversion facility (UCF) proliferation risks and Israeli thinking with regard to El-Baradei's nuclear fuel cycle task force. Zafary said Israel's preference is for an international agreement to offer states that forego further deployment of national fuel cycle facilities assistance with building light-water reactors and assured fuel leasing. She added that Israel would like the IAEA to extend and expand the June moratorium on new enrichment initiatives in additional states, work on assuring an adequate fuel supply, and give further thought to safeguarding spent fuel. She reiterated that Israel supports President Bush's position on the issue, but also said that there is "some value" in points raised by France.

16. (C) Reich said the key to limiting proliferation risks is controlling access to feed material. He noted that uranium oxide (U3O8) is easily replaceable and therefore unsuitable for strict controls. Instead, he recommended that the IAEA focus on enriched uranium oxide (UO2 and UO3) as well as uranium fluoride (UF4 and UF6).

Using Export Controls to Improve Safeguards

17. (C) IAEA Director for International Affairs Chen Zak suggested a number of areas in which export controls could improve the efficiency of safeguards. She proposed that adherence to the Additional Protocol be adopted as a condition for countries wishing to export any item on the trigger list and annex II of IAEA information circular (INFCIRC) 540. She outlined possible steps to tighten export guidelines, including ensuring that importers are signatories to the NPT or a nuclear-weapons-free zone, are in good standing with the IAEA's Board of Governors (i.e., open to monitoring and not under BOG review or in a state of breach or non-compliance), and have effective export controls based on UNSCR 1540 guidelines.

18. (C) Zak also discussed possible limitations on end users. For example, states could agree that they would not allow exports unless the end users agreed that any outstanding issue before the BOG would result in an immediate freeze on the use of the imported materials; the end users could also agree to continued safeguards in the case of withdrawal from the NPT. Zak raised the possibility of granting the IAEA observer status at NSG meetings, as well as making NSG denials and approvals available to the IAEA. She urged that the IAEA provide assistance to states in implementing and enforcing UNSCR 1540.

Israeli Report on UNSCR 1540

19. (C) Anna Getmansky of the IAEA outlined Israel's recent submission to the UNSC on resolution 1540. She reported that Israel has implemented its new export-control order, supported the IAEA guidance on the Export and Import of Radioactive Sources, ratified the Convention on the Physical Protection of Nuclear Material, contributed to the IAEA Nuclear Security Fund, endorsed the IAEA Code of Conduct on the Safety and Security of Materials, supported U.S. initiatives such as PSI and GTRI, and increased participation at international conferences focused on non-proliferation.

New Israeli Export-Control Order

10. (C) Ministry of Industry, Trade, and Labor representative Ohad Ornstein and MFA Deputy Legal Adviser Keren Ben-Ami briefed the DOE group on Israel's new export-control legislation. Ben-Ami explained that the export-control order, which has been in effect since July 2004, covers chemical, biological, and nuclear material in Israel and the Palestinian areas. MFA Deputy Director for Security Alon Bar noted that missile-related goods are not included, and are subject to Ministry of Defense controls.

11. (C) Ben-Ami said that the order makes it illegal to export any (even non-listed) items if the supplier knows that the material is intended for use in a WMD program. Exporters must apply for a license with the Ministry of Industry, Trade, and Labor, which sends copies of the applications to the Ministry of Defense and MFA. An interagency group advises the exporter of a decision within 20 days; exporters have 14 days to appeal decisions.

12. (C) Ben-Ami described an exception to the licensing rule

for items on the list that meet four criteria: 1) the end user is a medical facility or school of higher education; 2) the items contain no nuclear material; 3) the purpose of the export is for diagnostic or lab work; and 4) the end user is located in an Australia Group state. She noted that the GOI is not subject to the export-control order, but GOI-owned companies are. According to Ben-Ami, exporters with a license must report to the GOI once a year (the validity of the license), while exporters of exempted items must report every six months. She said that violators of the order are liable for administrative (license suspension) and criminal (imprisonment and/or fines of up to three times of the value of the exported goods) sanctions.

¶13. (C) Ornstein admitted that the GOI has yet to receive a single application for an export license and is still "in the learning stages." He said the GOI is experiencing difficulties educating exporters, codifying the various lists of controlled items, and reaching out to academia. Rafael Harpaz, the MFA's export control coordinator, called the order "just the beginning" and stressed its political importance, maintaining that it will benefit Israeli efforts to increase participation in international fora.

¶14. (C) The DOE team presented a number of case studies to illustrate how technical agencies can support the export control process and an introduction to Commodity Identification Training (CIT). Officials from Israeli customs said that their inspectors are "starting from zero" and need basic training on identifying suspect shipments for closer scrutiny. IAEC indicated their readiness to receive NNSA training to assist Israeli customs in this way. Harpaz noted that the Israeli Embassy in Washington will soon request assistance in arranging a visit by GOI export-control personnel to U.S. agencies, including DOE, DHS, and DOC. Harpaz also asked whether a visit to a customs port could be arranged so that Israel can see "how it's done." Itschak Lederman, the senior director for CTBT affairs at the IAEC, said that recent discussions with DOE on the Megaports initiative had included training for Israeli customs officers in Washington State. The DOE team agreed to help make the Israeli trip to the U.S. a success, and to confer with Megaports on how customs training efforts might be combined.

Israeli Summary of Discussion Paper

¶15. (SBU) Text of Israeli paper titled "IAEC-DOE Nuclear Export Control Dialogue, January 19-20, 2005, Summary of Discussions:"

The third Israel-U.S. technical exchange on nuclear export controls took place in Israel on January 19-20, 2005. This meeting was a part of the ongoing dialogue on issues of mutual interest conducted under the Letter of Intent (LOI) between the Israel Atomic Energy Commission (IAEC) and the U.S. Department of Energy (DOE). The meeting was led by the IAEC and the DOE personnel, with the participation of the representatives of the Israeli Ministry of Trade, Industry and Labor, the Ministry of Defense, the Ministry of Foreign Affairs and the Customs (sic).

The meeting took place after the entry into force of the Israeli Export Control Order pertaining to nuclear, chemical and biological items. It focused on the implementation of nuclear export controls, and specifically on the issues of license review practices, compliance by industry and scientific institutes and commodity identification training to aid enforcement.

During the meeting the sides have exchanged views on international initiatives and developments in the area of export controls.

The sides have agreed on the following future steps:

-- The IAEC-DOE nuclear export control meetings will be held on an annual basis. The IAEC, on behalf of all the relevant authorities in Israel, expressed Israel's appreciation for the export control dialogue with the DOE.

-- The IAEC and the DOE will coordinate the public affairs aspects. The sides have agreed that the attached press release would be published on the IAEC's website after the visit. (Embassy note: press release in paragraph 16. End note).

-- The DOE will provide further information about the training for the Israeli customs personnel, including the possibility to coordinate it with the DOE proposal under the Megaports project.

-- To facilitate the effective implementation of the Israeli export control legislation, the IAEC requested the DOE's assistance in establishing channels for exchange of information on export denials and entities of concern.

-- The IAEC and the DOE will continue their dialogue on efforts to update the Nuclear Suppliers Group and related measures to strengthen international nuclear export controls.

End text of Israeli paper.

116. (U) Begin text of Israeli release posted on the IAEC website:

Israel and the US continue cooperation on nuclear export controls.

The third Israel-U.S. technical exchange on nuclear export controls took place in Israel on January 19-20, 2005. This meeting was a part of the ongoing dialogue on issues of mutual interest conducted under the Letter of Intent (LOI) between the Israel Atomic Energy Commission (IAEC) and the US Department of Energy (DOE).

The last meeting focused on the implementation of nuclear export controls, and specifically on the issues of license review practices, compliance by industry and scientific institutes, and commodity identification training to aid enforcement.

In July 2004 Israel has put in place an Export Control Order pertaining to nuclear, chemical and biological items.

The IAEC and the DOE have agreed to continue their cooperation in order to promote the implementation of nuclear export controls and to assist in developing the necessary implementation and enforcement tools.

During the meeting the sides have also exchanged views on international initiatives and developments in the area of export controls.

End text from website.

117. (U) The U.S. delegation consisted of Adam Scheinman, Richard Goorevich, and Todd Perry from the Department of Energy's National Nuclear Security Administration, Jeffrey Bedell from Los Alamos National Laboratory, Basil Picologlou from Argonne National Laboratory, and an Embassy notetaker. The Israeli side was led by the IAEC's Director for Non-proliferation Gil Reich, and included numerous officials from the IAEC, National Security Council, Ministry of Foreign Affairs, Ministry of Defense, customs service, Soreq National Research Center, and Ministry of Industry, Trade, and Labor. Scheinman and Goorevich also met separately with IAEC Deputy Director for Policy Eli Levite on January 20.

118. (U) This cable was cleared by the DOE delegation.

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<http://www.state.sgov.gov/p/nea/telaviv>

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